

BUY

TP: Rs 2,535 | ▲ 19%

SUPREME INDUSTRIES

Plastic Products

25 January 2022

Disappointing quarter; structural story intact

- Q3 revenue grew 5.5% YoY led by high realisations (+31%) though volumes declined 18%
- EBITDA margin contracted 545bps YoY to 16.3% as RM-to-sales cost surged 500bps
- We maintain our TP to Rs 2,535 based on 29x FY24E EPS; upgrade from HOLD to BUY given the recent 20% price correction

Ruchitaa Maheshwari

researchreport@bobcaps.in

High realisations but volume decline resulted in weak quarter: SI reported muted Q3FY22 revenue growth of 5.5% YoY to Rs 19.5bn led by a steep fall in the sale of plastic pipe systems, furniture and packaging products. During the quarter, blended realisations increased by 31% YoY to Rs 210/kg. Overall volumes fell 18% YoY and 11% QoQ to 91,363mt driven by lower offtake in the agriculture and housing segments, channel destocking at the dealer level and supply chain disruptions. Segment-wise, volume/value growth was as follows in plastic pipes -26%/+1% YoY, packaging products +6%/+26%, industrial products -1%/+16%, and consumer products -19%/+9%.

EBITDA margin contracts 545bps: Gross margin declined 500bps YoY to 32% owing to high volatility in raw material prices. The company's product price hikes have gone into effect with a time lag (Jan'22). EBITDA margin dropped 545bps YoY to 16.3% and was flattish QoQ.

Expansion plans delayed: SI maintained its capex guidance of Rs 5.2bn (of which Rs 3.4bn has been invested), which it believes can add Rs 9bn to the topline. As per plan, plastic product capacity is slated to increase from ~7kt to ~7.5kt, with major capacity additions coming onstream in piping and industrial products. The upcoming plants at Guwahati, Cuttack and Erode are progressing smoothly and are scheduled to become operational between April to August. Capex has been delayed to some extent due to supply chain disruptions.

Growth outlook steady; upgrade to BUY on recent correction: We remain positive on SI's growth and margin prospects supported by incremental capacity as well as improving housing demand, benefits from government schemes such as 'Nal Se Jal', infrastructure development, its net debt-free balance sheet and healthy return ratios. The stock has corrected 21% from its 52-week high (19 Jan 2022) and is trading at a P/E of 24.4x on FY24E, which is a ~29% discount to its five-year median of 34.2x. We value SI at 29x on FY24E and arrive at a TP of Rs 2,535 – upgrade to BUY from HOLD on attractive valuations.

Key changes

Target	Rating
◀ ▶	▲

Ticker/Price	SI IN/Rs 2,130
Market cap	US\$ 3.6bn
Free float	51%
3M ADV	US\$ 3.3mn
52wk high/low	Rs 2,694/Rs 1,720
Promoter/FPI/DII	49%/16%/35%

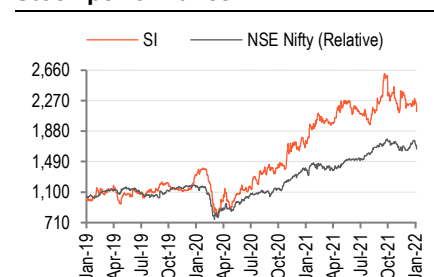
Source: NSE | Price as of 24 Jan 2022

Key financials

Y/E 31 Mar	FY21A	FY22E	FY23E
Total revenue (Rs mn)	63,496	78,647	84,963
EBITDA (Rs mn)	12,786	13,504	14,575
Adj. net profit (Rs mn)	9,592	9,490	10,252
Adj. EPS (Rs)	75.5	74.7	80.7
Consensus EPS (Rs)	75.5	72.5	76.8
Adj. ROAE (%)	35.3	28.0	26.7
Adj. P/E (x)	28.2	28.5	26.4
EV/EBITDA (x)	21.0	20.0	18.7
Adj. EPS growth (%)	97.1	(1.1)	8.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Earnings call highlights

- **Volumes:** SI posted a steep decline in the sale of plastic pipe systems, furniture and packaging products in Q3FY22, driving down overall volumes by 18% YoY. The material handling division, however, delivered 17% volume growth. The company continues to add new products and deepen its market reach in this division. Its furniture volumes declined 18% YoY as demand was weak. Industrial component business volumes fell 3.5% due to the chip shortage while protective packaging fell 10%.
- **Channel destocking:** PVC prices dropped by Rs 25/kg or 15% during the quarter, causing many distributors to witness large-scale destocking, which in turn affected demand for SI's products. As PVC prices have stabilised and are on the path to recovery, the distribution channel has started working normally. Management expects volume growth and loss of business due to the pandemic to be recouped in Q4.
- **Composite cylinder business:** The composite cylinder segment has received an encouraging response from Indian consumers. With an expected surge in demand from domestic sources and also from the international market, the company is ready to double capacity from the existing 500,000 cylinders p.a. at its existing plant in Gujarat within a span of 8-9 months.
- **Value-added products:** Revenue from value-added products declined 12% to Rs 6.7bn compared to Rs 7.6bn in the year-ago quarter. The share of these products in total revenue stood at 34% vs. 41% in Q3FY21 and 39% in Q2FY22.
- **Inventory:** During Q3, SI did not have any inventory gain or loss.
- **Balance sheet and cash flows:** Cash levels have reduced by Rs 4.3bn since Mar'21 as the significant increase in inventories stretched the company's working capital.

Fig 1 – Quarterly performance

(Rs mn)	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	9MFY22	9MFY21	YoY (%)
Total revenues	19,451	18,438	5.5	19,285	0.9	52,157	42,725	22.1
Total raw material consumed	13,224	11,610	13.9	13,207	0.1	35,093	27,641	27.0
% of sales	68.0	63.0	502bps	68.5	(50bps)	67.3	64.7	259bps
Employee expense	880	813	8.3	866	1.7	2,549	2,173	17.3
% of sales	4.5	4.4	12bps	4.5	4bps	4.9	5.1	(20bps)
Power & fuel expense	510	554	(7.9)	566	(9.9)	1520	1438	5.7
% of sales	2.6	3.0	(38bps)	2.9	(31bps)	2.9	3.4	(45bps)
Other expense	1,658	1,446	14.7	1,539	7.8	4,489	3,729	20.4
% of sales	8.5	7.8	68bps	8.0	55bps	8.6	8.7	(12bps)
EBITDA	3,179	4,016	(20.8)	3,108	2.3	8,507	7,745	9.8
EBITDA margin (%)	16.3	21.8	(544bps)	16.1	23bps	16.3	18.1	(182bps)
Depreciation	575	549	4.6	571	0.6	1,707	1,580	8.0
Other income	29	37	(20.1)	41	(28.1)	41	87	(52.8)
Interest cost	5	22	(79.0)	7	(32.4)	7	171	(96.0)
PBT	2,629	3,481	(24.5)	2,571	2.3	6,834	6,081	12.4
Taxes	678.2	886.4	(23.5)	674.7	0.5	1,782.5	1,559.8	14.3
Effective tax rate (%)	26	25	34bps	26	(45bps)	26	26	43bps
PAT	1,951	2,595	(24.8)	1,896	2.9	5,051	4,521	11.7
Share of profit of associate	507	528	(4.1)	391	29.5	1,348	757	78.2
RPAT	2,457	3,123	(21.3)	2,287	7.4	6,399	5,278	21.3

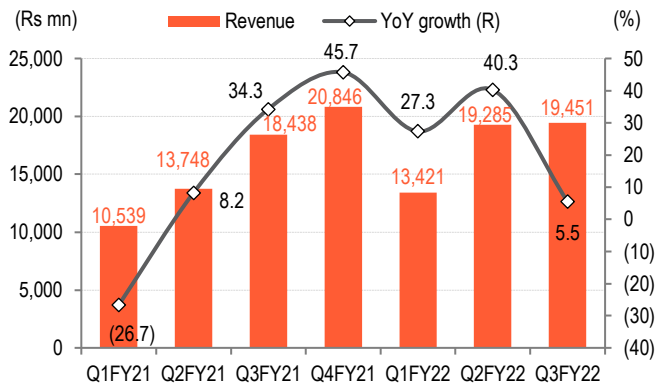
Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

(Rs mn)	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	9MFY22	9MFY21	YoY (%)
Segment revenue								
Plastic Piping Products	11,479	11,402	0.7	12,673	(9.4)	32,463	27,520	18.0
Industrial Products	2,715	2,161	25.6	2,530	7.3	7,234	4,680	54.6
Packaging Products	3,697	3,179	16.3	2,773	33.3	8,911	7,253	22.9
Consumer Products	1,275	1,167	9.2	1,112	14.7	2,871	2,302	24.7
Others	285	528	(46.1)	199	43.4	679	969	(30.0)
Net Revenue from Operations	19,451	18,438	5.5	19,285	0.9	52,157	42,725	22.1
EBIT								
Plastic Piping Products	1,894	2,503	(24.3)	1,940	(2.4)	5,250	4,643	13.1
Industrial Products	224	201	11.8	192	16.7	538	244	120.2
Packaging Products	246	399	(38.3)	255	(3.5)	672	838	(19.8)
Consumer Products	215	228	(6.0)	175	22.6	396	310	27.6
Others	58	139	(58.1)	22	171.2	74	238	(68.9)
Total Segment EBIT	2,637	3,469	(24.0)	2,584	2.1	6,930	6,274	10.5
EBIT margin (%)								
Plastic Piping Products	16.5	21.9	(545bps)	15.3	119bps	16.2	16.9	(70bps)
Industrial Products	8.3	9.3	(102bps)	7.6	66bps	7.4	5.2	222bps
Packaging Products	6.7	12.5	(589bps)	9.2	(254bps)	7.5	11.6	(401bps)
Consumer Products	16.8	19.6	(273bps)	15.7	109bps	13.8	13.5	31bps

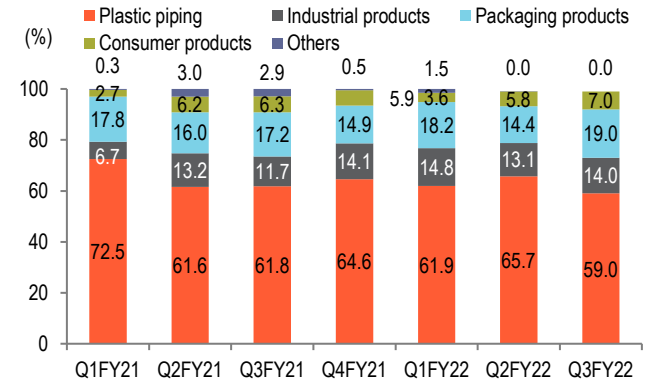
Source: Company, BOBCAPS Research

Fig 3 – Consolidated revenue growth



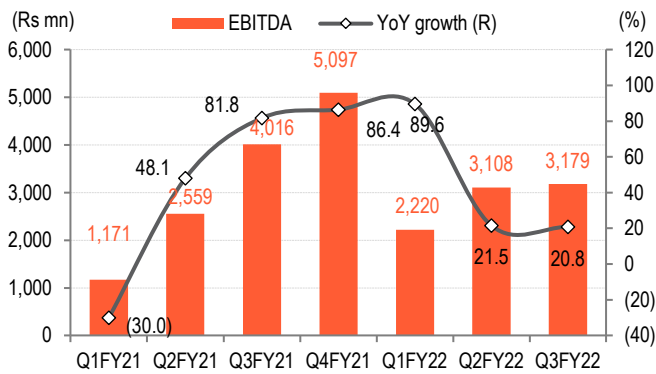
Source: Company, BOBCAPS Research

Fig 4 – Revenue mix



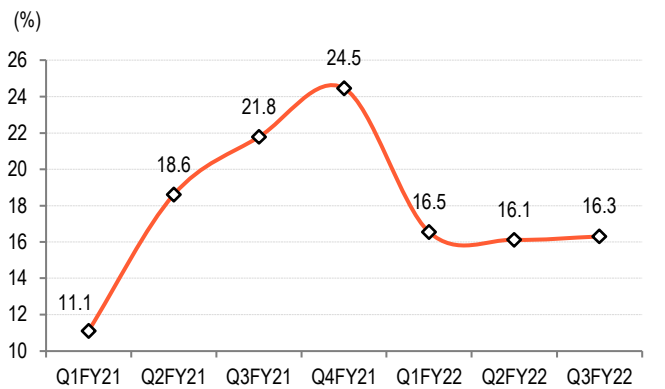
Source: Company, BOBCAPS Research

Fig 5 – Consolidated EBITDA growth



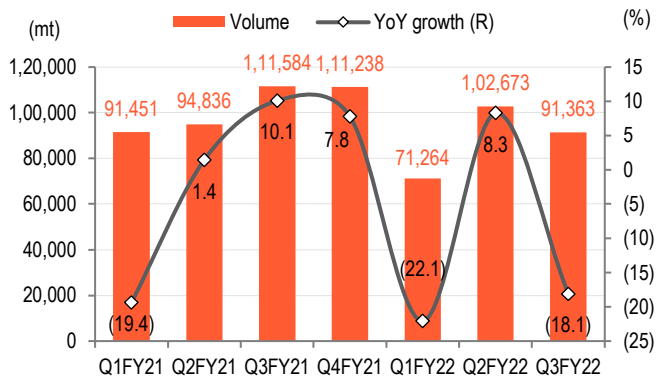
Source: Company, BOBCAPS Research

Fig 6 – Consolidated EBITDA margin



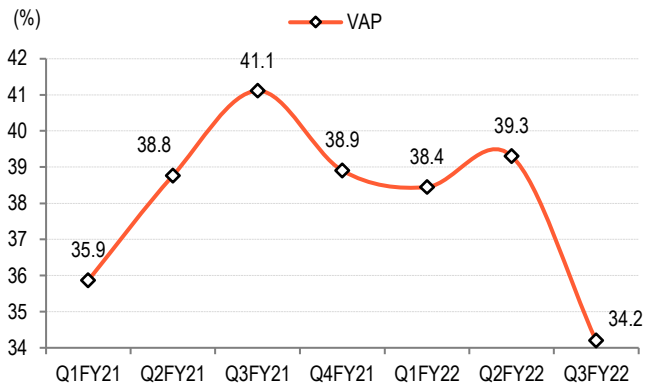
Source: Company, BOBCAPS Research

Fig 7 – Volume growth



Source: Company, BOBCAPS Research

Fig 8 – Revenue share of value-added products



Source: Company, BOBCAPS Research

Fig 9 – Segmental volume growth

(mt)	Q3FY22	Q3FY21	YoY (%)	Q2FY22	QoQ (%)
Plastic Piping	57,197	76,759	(25.5)	72,480	(21.1)
Packaging Products	12,365	11,652	6.1	12,905	(4.2)
Industrial Products	16,594	16,785	(1.1)	12,390	33.9
Consumer Products	5,207	6,388	(18.5)	4,898	6.3
Total	91,363	1,11,584	(18.1)	1,02,673	(11.0)

Source: Company, BOBCAPS Research

Valuation methodology

We remain positive on SI's growth and margin prospects supported by incremental capacity as well as improving housing demand, benefits from government schemes such as 'Nal Se Jal', infrastructure development, its net debt-free balance sheet and healthy return ratios. The stock has corrected 21% from its 52-week high (19 Jan 2022) and is trading at a P/E of 24.4x on FY24E, which is a ~29% discount to its five-year median of 34.2x. We value SI at 29x on FY24E EPS and arrive at a TP of Rs 2,535 – upgrade to BUY from HOLD on attractive valuations.

Fig 10 – Key assumptions

Parameter	FY21	FY22E	FY23E	FY24E
Volume (mt)				
Plastic Piping	2,94,357	3,06,131	3,27,560	3,50,490
YoY (%)	(2.1)	4.0	7.0	7.0
Packaging Products	54,833	60,316	66,348	72,983
YoY (%)	6.8	10.0	10.0	10.0
Industrial Products	41,451	45,596	50,156	55,171
YoY (%)	7.3	10.0	10.0	10.0
Consumer Products	18,468	20,684	23,166	25,946
YoY (%)	(11.1)	12.0	12.0	12.0
Total	4,09,109	4,32,728	4,67,230	5,04,590
YoY (%)	(0.6)	5.8	8.0	8.0
EBITDA (Rs/kg)	30.3	31.2	31.2	31.2
YoY (%)	49.0	3.0	0.0	0.0

Source: Company, BOBCAPS Research

Fig 11 – Peer comparison

Company	Ticker	Rating	Target Price (Rs)	Revenue CAGR FY21-23E (%)	EPS (Rs)		ROE (%)		Target P/E (x)
					FY22E	FY23E	FY22E	FY23E	
Kajaria Ceramics	KJC IN	BUY	1,460	21.5	22.8	29.6	18.9	23.3	40
Somany Ceramics	SOMC IN	BUY	1,140	19.0	20.5	32.8	12.5	17.3	25
Greenply Ind	MTLM IN	BUY	260	18.0	7.7	10.2	19.7	21.4	22
Century Plyboard	CPBI IN	HOLD	735	23.8	13.6	16.7	22.1	22.1	35
Greenpanel Ind	GREENP	BUY	595	34.0	16.0	21.7	23.7	25.1	23
Cera Sanitaryware	CRS IN	BUY	5,590	17.1	109.8	134.9	15.4	16.9	35
Astral	ASTRA IN	HOLD	2,465	22.3	22.5	29.5	22.5	26.0	65
Finolex Ind	FNXP IN	HOLD	220	7.7	10.2	9.4	19.0	15.9	22
Supreme Ind	SI IN	BUY	2,535	15.7	74.7	80.7	28.0	26.7	30

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- slowdown in demand,
- adverse commodity price fluctuation, and
- delay in capacity expansion.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	55,087	63,496	78,647	84,963	91,814
EBITDA	8,563	12,786	13,504	14,575	15,735
Depreciation	(2,057)	(2,128)	(2,406)	(2,727)	(3,024)
EBIT	6,506	10,658	11,098	11,848	12,711
Net interest inc./(exp.)	(297)	(221)	(102)	(90)	(75)
Other inc./(exp.)	84	37	191	248	298
Exceptional items	(192)	189	0	0	0
EBT	6,293	10,473	11,187	12,006	12,933
Income taxes	(1,739)	(2,341)	(3,197)	(3,454)	(3,738)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	312	1,460	1,500	1,700	1,900
Reported net profit	4,674	9,781	9,490	10,252	11,095
Adjustments	192	(189)	0	0	0
Adjusted net profit	4,866	9,592	9,490	10,252	11,095

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	5,475	6,462	7,541	8,147	8,804
Other current liabilities	2,347	3,377	3,017	3,259	3,522
Provisions	313	364	551	595	643
Debt funds	4,113	10	500	400	350
Other liabilities	947	919	919	919	919
Equity capital	254	254	254	254	254
Reserves & surplus	22,358	31,438	35,761	40,431	45,485
Shareholders' fund	22,612	31,692	36,015	40,685	45,739
Total liab. and equities	35,807	42,823	48,543	54,005	59,976
Cash and cash eq.	1,614	1,039	2,857	4,207	5,332
Accounts receivables	3,128	3,898	4,956	5,354	5,786
Inventories	8,906	7,608	11,204	12,104	13,080
Other current assets	2,379	2,614	3,017	3,259	3,522
Investments	2,773	10,011	6,011	6,811	8,511
Net fixed assets	15,917	17,033	19,878	21,650	23,126
CWIP	929	508	508	508	508
Intangible assets	160	112	112	112	112
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	35,807	42,823	48,543	54,005	59,976

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	6,038	14,491	7,847	12,422	13,492
Capital expenditures	(2,953)	(2,774)	(5,250)	(4,500)	(4,500)
Change in investments	(550)	(7,238)	4,000	(800)	(1,700)
Other investing cash flows	(211)	0	0	0	0
Cash flow from investing	(3,714)	(10,012)	(1,250)	(5,300)	(6,200)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	2,500	(4,103)	490	(100)	(50)
Interest expenses	(297)	(221)	(102)	(90)	(75)
Dividends paid	(3,522)	(635)	(5,167)	(5,582)	(6,041)
Other financing cash flows	235	(94)	0	0	0
Cash flow from financing	(1,084)	(5,053)	(4,779)	(5,772)	(6,166)
Chg in cash & cash eq.	1,240	(575)	1,819	1,349	1,125
Closing cash & cash eq.	1,613	1,039	2,857	4,207	5,332

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	36.8	77.0	74.7	80.7	87.3
Adjusted EPS	38.3	75.5	74.7	80.7	87.3
Dividend per share	14.0	14.0	33.6	36.3	39.3
Book value per share	178.0	249.5	283.5	320.3	360.1

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	4.9	4.2	3.4	3.2	3.0
EV/EBITDA	31.4	21.0	20.0	18.7	17.4
Adjusted P/E	55.6	28.2	28.5	26.4	24.4
P/BV	12.0	8.5	7.5	6.7	5.9

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	79.8	90.0	84.8	85.4	85.8
Interest burden (PBT/EBIT)	93.8	100.0	100.8	101.3	101.8
EBIT margin (EBIT/Revenue)	11.8	16.8	14.1	13.9	13.8
Asset turnover (Rev./Avg TA)	162.6	161.5	172.2	165.7	161.1
Leverage (Avg TA/Avg Equity)	1.5	1.4	1.3	1.3	1.3
Adjusted ROAE	22.0	35.3	28.0	26.7	25.7

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	(1.8)	15.3	23.9	8.0	8.1
EBITDA	9.6	49.3	5.6	7.9	8.0
Adjusted EPS	32.1	97.1	(1.1)	8.0	8.2
Profitability & Return ratios (%)					
EBITDA margin	15.5	20.1	17.2	17.2	17.1
EBIT margin	11.8	16.8	14.1	13.9	13.8
Adjusted profit margin	8.8	15.1	12.1	12.1	12.1
Adjusted ROAE	22.0	35.3	28.0	26.7	25.7
ROCE	18.7	28.5	23.2	21.8	20.7
Working capital days (days)					
Receivables	23	20	21	22	22
Inventory	84	75	66	75	75
Payables	43	43	39	41	41
Ratios (x)					
Gross asset turnover	1.9	2.0	2.2	2.1	2.0
Current ratio	1.3	1.5	1.9	2.0	2.1
Net interest coverage ratio	21.9	48.2	108.9	131.6	169.5
Adjusted debt/equity	0.1	0.0	(0.1)	(0.1)	(0.1)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Disclaimer

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

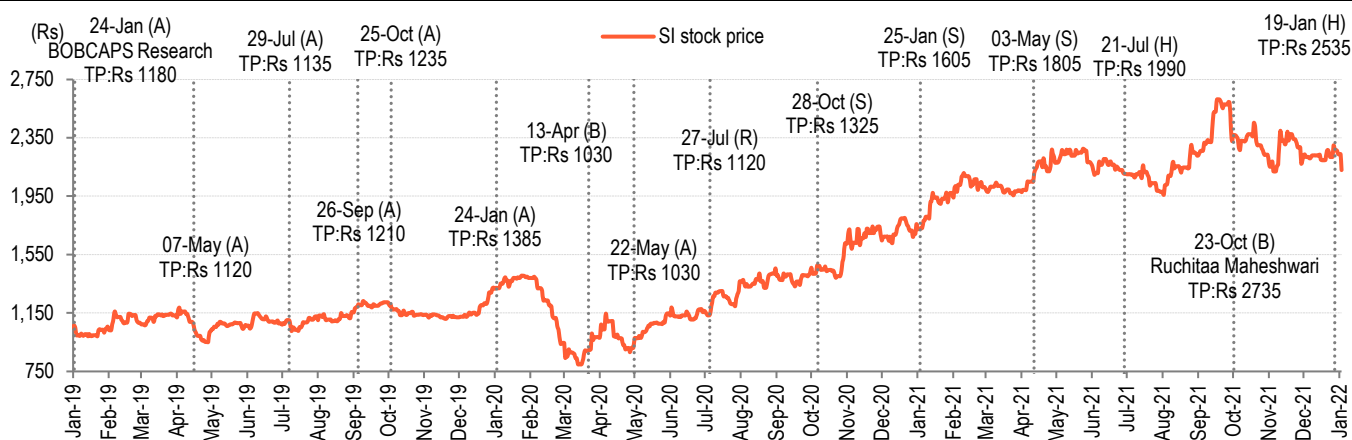
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): SUPREME INDUSTRIES (SI IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Rating distribution

As of 31 December 2021, out of 115 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 57 have BUY ratings, 31 have HOLD ratings, 5 are rated ADD*, 2 are rated REDUCE* and 20 are rated SELL. None of these companies have been investment banking clients in the last 12 months. (*Our ADD and REDUCE ratings are in the process of being migrated to the new recommendation structure.)

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOBCAPS.

General disclaimers

BOBCAPS is engaged in the business of Institutional Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS has obtained registration as a Research Entity under SEBI (Research Analysts) Regulations, 2014, having registration No.: INH000000040 valid till 03 February 2025. BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017. BOBCAPS CIN Number: U65999MH1996GOI098009.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may act as market makers or assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

In the US, this material is only for Qualified Institutional Buyers as defined under rule 144(a) of the Securities Act, 1933. No part of this document may be distributed in Canada or used by private customers in the United Kingdom.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company in the past 12 months. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.